

BOARD OF HIGHER EDUCATION

REQUEST FOR COMMITTEE AND BOARD ACTION

COMMITTEE: Fiscal Affairs and Administrative Policy **NO.:** FAAP 13-12

COMMITTEE DATE: October 09, 2012

BOARD DATE: October 16, 2012

APPROVAL OF MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY STUDENT ACTIVITY PROJECT

MOVED: MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY
ATHLETIC CENTER PROJECT, WORCESTER STATE UNIVERSITY

1. The Commissioner of the System of Public Higher Education (the "Commissioner") is authorized and directed in the name and on behalf of the Board of Higher Education (the "Board") to make a written request to the Massachusetts State College Building Authority (the "Authority") that the Authority initiate the project described in EXHIBIT A, attached hereto.
2. Bonds issued by the Authority to finance the projects for which a request is hereby authorized may be issued together with or separately from bonds issued to carry out other projects of the Authority for which the Board authorizes a request.
3. The Commissioner and all other officers of the Board, each acting singly, are authorized to request the Commissioner of Administration to approve in writing the initiation by the Authority of the projects for which a request is hereby authorized, and to do such other things and to take such other action as the officer so acting shall, as conclusively evidenced by the taking of such action, deem necessary or desirable to be done or taken to carry into effect the matters hereby authorized.
4. The Board and the Commonwealth of Massachusetts, acting by and through the Board, declare their official intent under §1.150-2(d)(1) and (e) of the Treasury Regulations as follows:

The Board reasonably expects that there shall be reimbursed from the proceeds of bonds issued by the Authority, expenditures (including expenditures made within the last 60 days) temporarily advanced by the Commonwealth (including within such term the Board and the State Universities) for the projects for which a written request is hereby authorized, the maximum principal amount of such bonds expected to be issued, all or a portion of the proceeds of which are reasonably expected to be used for such reimbursement purposes, being \$16,900,000.

Authority: Massachusetts General Laws Chapter 15A, Section 6

Contact: Stephen Lenhardt, Deputy Commissioner of Administration and Finance
Fiscal and Administrative Policy

EXHIBIT A

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

WORCESTER STATE UNIVERSITY

ATHLETIC CENTER

Description of Project

- (a) The Authority is authorized to implement this project by Chapter 703 of the Acts of 1963, as amended; by Section 156 of Chapter 131 of the Acts of 2010; and by Section 2 of Chapter 258 of the Acts of 2008;
- (b) The carrying out of preliminary work, including obtaining cost estimates, revenue estimates, preliminary design specifications, feasibility studies, surveys, and site analyses to determine the feasibility, approximate size, scope, purposes, location and other characteristics of any building, structure or facility the Authority is authorized to provide; and
- (c) The funding of site preparation, building construction, furniture, fixtures, and equipment, and enabling and related projects to support the Athletic Center.

Project Overview

- The project is the demolition of the existing gymnasium and the construction of a new Athletic Center.
- The Athletic Center is funded principally by the Commonwealth. The Authority is authorized, and has been requested, to fund the difference between the State appropriation and the current estimated total project cost (see below).
- The scope of work to be funded by the Authority includes the construction of a portion of the Athletic Center project.
- The project revenue source will be the current revenues of the institution.

| INDICATOR | PRIMARY RESERVE | VIABILITY | RETURN ON NET ASSETS | NET OPERATING REVENUES |
|------------------|-----------------|-----------|----------------------|------------------------|
| Target | 25.0% | >1.0 | 3.0% – 4.0% | 2.0% - 4.0% |
| Worcester (FY11) | 41.6% | 2.4 | 5.6% | 5.8% |

Project Budget

| | |
|---------------------------|---------------------|
| Total Project Cost | \$47,500,000 |
| Commonwealth Funding | (25,500,000) |
| Campus Contribution | <u>(7,000,000)</u> |
| Project Fund Deposit | 15,000,000 |
| Cost of Issuance/Reserves | <u>1,900,000</u> |
| Total | \$16,900,000 |